

Stat. 363; Pub. L. 97-98, title XIII, §1324, Dec. 22, 1981, 95 Stat. 1288; Pub. L. 101-624, title XVII, §§1747(a), (c), 1748, 1749, Nov. 28, 1990, 104 Stat. 3796, 3797.)

#### AMENDMENTS

1990—Subsec. (b)(1). Pub. L. 101-624, §1748, inserted “if such coupons, authorization cards, or access devices are of a value of \$5,000 or more, be guilty of a felony and shall be fined not more than \$250,000 or imprisoned for not more than twenty years, or both, and shall,” after “chapter shall”, and inserted “but less than \$5,000,” after “\$100 or more” in two places.

Pub. L. 101-624, §1747(a), substituted “, authorization cards, or access devices in any manner contrary to” for “or authorization cards in any manner not authorized by”, and inserted “or if the item used, transferred, acquired, altered, or possessed is an access device that has a value of \$100 or more,” after “a value of \$100 or more,” and inserted “or if the item used, transferred, acquired, altered, or processed is an access device that has a value of less than \$100,” after “a value of less than \$100.”

Subsec. (c). Pub. L. 101-624, §1749, substituted “\$20,000” for “\$10,000” in two places.

Subsec. (g). Pub. L. 101-624, §1747(c), substituted “, authorization cards or access devices, or anything of value obtained by use of an access device, in any manner contrary to” for “or authorization cards in any manner not authorized by”.

1981—Subsec. (b). Pub. L. 97-98 designated existing provision as par. (1), inserted provisions specifying the minimum and maximum sentences for the second and any subsequent convictions for felonies and misdemeanors and provision authorizing the court to suspend a person convicted of a felony or misdemeanor under this subsection from participation in the food stamp program for an additional period of up to eighteen months consecutive to that period of suspension mandated by section 2015(b)(1) of this title, and added par. (2).

Subsec. (c). Pub. L. 97-98 inserted provisions specifying the minimum and maximum sentences for the second and any subsequent convictions for felonies and misdemeanors and provision authorizing the court to suspend a person convicted of a felony or misdemeanor under this subsection from participation in the food stamp program for an additional period of up to eighteen months consecutive to that period of suspension mandated by section 2015(b)(1) of this title.

1980—Subsec. (g). Pub. L. 96-249 added subsec. (g).

1977—Pub. L. 95-113 substituted revised provisions relating to violations and enforcement for provisions relating to the State financing of administrative costs which are now covered by section 2025 of this title.

1974—Pub. L. 93-347 authorized the Secretary of Agriculture to pay each State agency 50 percent of all the State agency’s costs in administering the Food Stamp Program and required that each State make reports from time to time at the request of the Secretary of Agriculture on the effectiveness of the administration of the Food Stamp Program in that State.

1971—Subsec. (b). Pub. L. 91-671 struck out “cooperate with State agencies in the certification of households which are not receiving any type of public assistance so as to insure the effective certification of such households in accordance with the eligibility standards approved under the provisions of section 2019 of this title. Such cooperation shall include payments to State agencies for part of the cost they incur in the certification of such households” after “is authorized to”, and in providing for payments to State agencies, increased percentage from 50 to 62½, and substituted cl. (1) provisions for travel and travel-related cost of personnel for such time as they are employed in taking the action required under section 2019(e) of this title and in making certification determinations for households other than those which consist solely of recipients of welfare assistance for prior cl. (1) for direct sal-

ary costs of personnel used to make interviews and such postinterview investigations as are necessary to certify eligibility of such households, for periods of employment, in certifying the eligibility of such households; cl. (2) respecting direct salary, travel, and travel-related costs (including such fringe benefits as are normally paid) of personnel for time of employment as hearing officials under section 2019(e) of this title for prior cl. (2) respecting travel and related costs incurred by personnel in postinterview field investigations of households, and deleted cl. (3) for an amount not to exceed 25 per centum of the costs computed under former cls. (1) and (2).

#### EFFECTIVE DATE OF 1981 AMENDMENT

Amendment by Pub. L. 97-98 effective on earlier of Sept. 8, 1982, or date such amendment became effective pursuant to section 1338 of Pub. L. 97-98, set out as a note under section 2012 of this title, see section 192(b) of Pub. L. 97-253, set out as a note under section 2012 of this title.

Amendment by Pub. L. 97-98 effective upon such date as Secretary of Agriculture may prescribe, taking into account need for orderly implementation, see section 1338 of Pub. L. 97-98, set out as a note under section 2012 of this title.

#### EFFECTIVE DATE OF 1977 AMENDMENT

Section 1301 of Pub. L. 95-113 provided that the amendment made by that section is effective Oct. 1, 1977.

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in title 18 section 1956; title 26 section 6109; title 42 section 405.

### § 2025. Administrative cost-sharing and quality control

#### (a) Administrative costs

The Secretary is authorized to pay to each State agency an amount equal to 50 per centum of all administrative costs involved in each State agency’s operation of the food stamp program, which costs shall include, but not be limited to, the cost of (1) the certification of applicant households, (2) the acceptance, storage, protection, control, and accounting of coupons after their delivery to receiving points within the State, (3) the issuance of coupons to all eligible households, (4) food stamp informational activities, including those undertaken under section 2020(e)(1)(A) of this title, (5) fair hearings, (6) automated data processing and information retrieval systems subject to the conditions set forth in subsection (g) of this section, (7) food stamp program investigations and prosecutions, and (8) implementing and operating the immigration status verification system established under section 1137(d) of the Social Security Act (42 U.S.C. 1320b-7(d)): *Provided*, That the Secretary is authorized at the Secretary’s discretion to pay any State agency administering the food stamp program on all or part of an Indian reservation under section 2020(d) of this title such amounts for administrative costs as the Secretary determines to be necessary for effective operation of the food stamp program, as well as to permit each State to retain 25 percent during the period beginning October 1, 1990, and ending September 30, 1995, and 50 percent thereafter of the value of all funds or allotments recovered or collected pursuant to subsections (b)(1) and (c) of section 2022 of this title and 10 percent during the period beginning October 1,

1990, and ending September 30, 1995, and 25 percent thereafter of the value of all funds or allotments recovered or collected pursuant to section 2022(b)(2) of this title, except the value of funds or allotments recovered or collected pursuant to section 2022(b)(2) of this title which arise from an error of a State agency. The officials responsible for making determinations of ineligibility under this chapter shall not receive or benefit from revenues retained by the State under the provisions of this subsection.

**(b) Standards; withholding of funds**

The Secretary shall (1) establish standards for the efficient and effective administration of the food stamp program by the States, including standards for the periodic review of the hours that food stamp offices are open during the day, week, or month to ensure that employed individuals are adequately served by the food stamp program, and (2) instruct each State to submit, at regular intervals, reports which shall specify the specific administrative actions proposed to be taken and implemented in order to meet the efficiency and effectiveness standards established pursuant to clause (1) of this subsection.

**(c) Payment error improvement system; purposes, establishment, definitions, implementation, etc.**

(1) The program authorized under this chapter shall include a system that enhances payment accuracy by establishing fiscal incentives that require State agencies with high error rates to share in the cost of payment error and provide enhanced administrative funding to States with the lowest error rates. Under such system—

(A) the Secretary shall adjust a State agency's federally funded share of administrative costs pursuant to subsection (a) of this section, other than the costs already shared in excess of 50 percent under the proviso in the first sentence of subsection (a) of this section or under subsection (g) of this section, by increasing such share of all such administrative costs by one percentage point to a maximum of 60 percent of all such administrative costs for each full one-tenth of a percentage point by which the payment error rate is less than 6 percent, except that only States whose rate of invalid decisions in denying eligibility is less than a nationwide percentage that the Secretary determines to be reasonable shall be entitled to the adjustment prescribed in this subsection;

(B) the Secretary shall foster management improvements by the States pursuant to subsection (b) of this section by requiring State agencies other than those receiving adjustments under subparagraph (A) to develop and implement corrective action plans to reduce payment errors; and

(C) for any fiscal year in which a State agency's payment error rate exceeds the national performance measure for payment error rates announced under paragraph (6), other than for good cause shown, the State agency shall pay to the Secretary an amount equal to—

(i)<sup>1</sup> the product of—

(I) the value of all allotments issued by the State agency in the fiscal year; times

(II) the lesser of—

(aa) the ratio of—

(aaa) the amount by which the payment error rate of the State agency for the fiscal year exceeds the national performance measure for the fiscal year; to

(bbb) the national performance measure for the fiscal year, or

(bb) 1; times

(III) the amount by which the payment error rate of the State agency for the fiscal year exceeds the national performance measure for the fiscal year.

The amount of liability shall not be affected by corrective action under subparagraph (B).

(2) As used in this section—

(A) the term "payment error rate" means the sum of the point estimates of an overpayment error rate and an underpayment error rate determined by the Secretary from data collected in a probability sample of participating households;

(B) the term "overpayment error rate" means the percentage of the value of all allotments issued in a fiscal year by a State agency that are either—

(i) issued to households that fail to meet basic program eligibility requirements; or

(ii) overissued to eligible households; and

(C) the term "underpayment error rate" means the ratio of the value of allotments underissued to recipient households to the total value of allotments issued in a fiscal year by a State agency.

(3) The following errors may be measured for management purposes but shall not be included in the payment error rate:

(A) Any errors resulting in the application of new regulations promulgated under this chapter during the first 120 days from the required implementation date for such regulations.

(B) Errors resulting from the use by a State agency of correctly processed information concerning households or individuals received from Federal agencies or from actions based on policy information approved or disseminated, in writing, by the Secretary or the Secretary's designee.

(4) The Secretary may require a State agency to report any factors that the Secretary considers necessary to determine a State agency's payment error rate, enhanced administrative funding, or claim for payment error, under this subsection. If a State agency fails to meet the reporting requirements established by the Secretary, the Secretary shall base the determination on all pertinent information available to the Secretary.

(5) To facilitate the implementation of this subsection each State agency shall submit to the Secretary expeditiously data regarding its operations in each fiscal year sufficient for the Secretary to establish the payment error rate for the State agency for such fiscal year and determine the amount of either incentive payments under paragraph (1)(A) or claims under paragraph (1)(C). The Secretary shall make a de-

<sup>1</sup> So in original. No cl. (ii) has been enacted.

termination for a fiscal year, and notify the State agency of such determination, within nine months following the end of each fiscal year. The Secretary shall initiate efforts to collect the amount owed by the State agency as a claim established under paragraph (1)(C) for a fiscal year, subject to the conclusion of any formal or informal appeal procedure and administrative or judicial review under section 2023 of this title (as provided for in paragraph (7)), before the end of the fiscal year following such fiscal year.

(6) At the time the Secretary makes the notification to State agencies of their error rates and incentive payments or claims pursuant to paragraphs (1)(A) and (1)(C), the Secretary shall also announce a national performance measure that shall be the sum of the products of each State agency's error rate as developed for the notifications under paragraph (5) times that State agency's proportion of the total value of national allotments issued for the fiscal year using the most recent issuance data available at the time of the notifications issued pursuant to paragraph (5). Where a State fails to meet reporting requirements pursuant to paragraph (4), the Secretary may use another measure of a State's error developed pursuant to paragraph (5), to develop the national performance measure. The announced national performance measure shall be used in determining the State share of the cost of payment error under paragraph (1)(C) for the fiscal year whose error rates are being announced under paragraph (5).

(7) If the Secretary asserts a financial claim against a State agency under paragraph (1)(C), the State may seek administrative and judicial review of the action pursuant to section 2023 of this title.

(8)(A) This paragraph applies to the determination of whether a payment is due by a State agency for a fiscal year under paragraph (1)(C).

(B) Not later than 180 days after the end of the fiscal year, the case review and all arbitrations of State-Federal difference cases shall be completed.

(C) Not later than 30 days thereafter, the Secretary shall—

(i) determine final error rates, the national average payment error rate, and the amounts of payment claimed against State agencies; and

(ii) notify State agencies of the payment claims.

(D) A State agency desiring to appeal a payment claim determined under subparagraph (C) shall submit to an administrative law judge—

(i) a notice of appeal, not later than 10 days after receiving a notice of the claim; and

(ii) evidence in support of the appeal of the State agency, not later than 60 days after receiving a notice of the claim.

(E) Not later than 60 days after a State agency submits evidence in support of the appeal, the Secretary shall submit responsive evidence to the administrative law judge to the extent such evidence exists.

(F) Not later than 30 days after the Secretary submits responsive evidence, the State agency shall submit rebuttal evidence to the adminis-

trative law judge to the extent such evidence exists.

(G) The administrative law judge, after an evidentiary hearing, shall decide the appeal—

(i) not later than 60 days after receipt of rebuttal evidence submitted by the State agency; or

(ii) if the State agency does not submit rebuttal evidence, not later than 90 days after the State agency submits the notice of appeal and evidence in support of the appeal.

(H) In considering a claim under this paragraph, the administrative law judge shall consider all grounds for denying the claim, in whole or in part, including the contention of a State agency that the claim should be waived, in whole or in part, for good cause.

(I) The deadlines in subparagraphs (D), (E), (F), and (G) shall be extended by the administrative law judge for cause shown.

(9) As used in this subsection, the term "good cause" includes—

(A) a natural disaster or civil disorder that adversely affects food stamp program operations;

(B) a strike by employees of a State agency who are necessary for the determination of eligibility and processing of case changes under the food stamp program;

(C) a significant growth in food stamp caseload in a State prior to or during a fiscal year, such as a 15 percent growth in caseload;

(D) a change in the food stamp program or other Federal or State program that has a substantial adverse impact on the management of the food stamp program of a State; and

(E) a significant circumstance beyond the control of the State agency.

**(d) Assessment and evaluation of payment error improvement system**

The Secretary shall undertake the following studies of the payment error improvement system established under subsection (c) of this section:

(1) An assessment of the feasibility of measuring payment errors due to improper denials and terminations of benefits or otherwise developing performance standards with financial consequences for improper denials and terminations, including incorporation in subsection (c) of this section. The Secretary shall report the results of such study and the recommendations of the Secretary to the Congress by July 1, 1990.

(2) An evaluation of the effectiveness of the system of program improvement initiated under this section that shall be reported to the Congress along with the Secretary's recommendations no later than 3 years from September 19, 1988.

**(e) Use of social security account numbers; access to information**

The Secretary and State agencies shall (1) require, as a condition of eligibility for participation in the food stamp program, that each household member furnish to the State agency their social security account number (or numbers, if they have more than one number), and (2) use such account numbers in the administra-

tion of the food stamp program. The Secretary and State agencies shall have access to the information regarding individual food stamp program applicants and participants who receive benefits under title XVI of the Social Security Act [42 U.S.C. 1381 et seq.] that has been provided to the Commissioner of Social Security, but only to the extent that the Secretary and the Commissioner of Social Security determine necessary for purposes of determining or auditing a household's eligibility to receive assistance or the amount thereof under the food stamp program, or verifying information related thereto.

**(f) Payment of certain legal fees**

Notwithstanding any other provision of law, counsel may be employed and counsel fees, court costs, bail, and other expenses incidental to the defense of officers and employees of the Department of Agriculture may be paid in judicial or administrative proceedings to which such officers and employees have been made parties and that arise directly out of their performance of duties under this chapter.

**(g) Cost sharing for computerization**

The Secretary is authorized to pay to each State agency the amount provided under subsection (a)(6) of this section for the costs incurred by the State agency in the planning, design, development, or installation of automatic data processing and information retrieval systems that the Secretary determines (1) will assist in meeting the requirements of this chapter, (2) meet such conditions as the Secretary prescribes, (3) are likely to provide more efficient and effective administration of the food stamp program, and (4) will be compatible with other such systems used in the administration of State plans under the Aid to Families with Dependent Children Program under title IV of the Social Security Act [42 U.S.C. 601 et seq.]: *Provided*, That there shall be no such payments to the extent that a State agency is reimbursed for such costs under any other Federal program or uses such systems for purposes not connected with the food stamp program: *Provided further*, That any costs matched under this subsection shall be excluded in determining the State agency's administrative costs under any other subsection of this section.

**(h) Authorization of appropriations; additional costs; transportation and other related expenses; restriction on use of funds; study and report to Congressional committees on effectiveness of programs; modification of rate of Federal payments**

(1)(A) The Secretary shall allocate among the State agencies in each fiscal year, from funds appropriated for the fiscal year under section 2027(a)(1) of this title, the amount of \$75,000,000 for each of the fiscal years 1991 through 1995 to carry out the employment and training program under section 2015(d)(4) of this title, except as provided in paragraph (3), during the fiscal year.

(B) In making the allocation required by subparagraph (A) for each of the fiscal years 1992 through 1995, the Secretary shall allocate \$15,000,000 among the States based on State agency performance under section 2015(d)(4) of this title, as determined by the Secretary.

(C) In making the allocation required by subparagraph (A) for fiscal year 1992, the Secretary shall allocate nonperformance funding of \$60,000,000 among the States in a manner such that each State is allocated funds equal to—

(i) a funding level determined under the nonperformance funding allocation formula used for fiscal year 1991;

(ii) increased by one half of the difference between such funding level and an amount, if larger, based on the State's proportion of the number of individuals registered for work under section 2015(d)(4) of this title; or

(iii) decreased by one half of the difference between such funding level and such amount, if such amount is smaller.

(D) In making the allocation required by subparagraph (A) for each of the fiscal years 1993 through 1995, the Secretary shall allocate nonperformance funding of \$60,000,000 among the States based on each State's proportion of the number of individuals registered for work under section 2015(d)(4) of this title.

(E) Notwithstanding subparagraphs (C) and (D), the Secretary shall—

(i) for fiscal year 1992, ensure that each State is allocated at least \$50,000 by reducing, to the extent necessary, the funds allocated to States (other than States allocated less than \$50,000) whose funding level has been increased under subparagraph (C); and

(ii) for each of the fiscal years 1993 through 1995, ensure that each State is allocated at least \$50,000 by reducing, to the extent necessary, the funds allocated to those States allocated more than \$50,000.

(F) Each such State's share of such reduction under subparagraph (E) shall represent its proportion of individuals registered for work under section 2015(d)(4) of this title in all States subject to the reduction.

(2) If, in carrying out such program during such fiscal year, a State agency incurs costs that exceed the amount allocated to the State agency under paragraph (1), the Secretary shall pay such State agency an amount equal to 50 per centum of such additional costs, subject to the first limitation in paragraph (3).

(3) The Secretary shall also reimburse each State agency in an amount equal to 50 per centum of the total amount of payments made or costs incurred by the State agency in connection with transportation costs and other expenses reasonably necessary and directly related to participation in an employment and training program under section 2015(d)(4) of this title, except that such total amount shall not exceed an amount representing \$25 per participant per month for costs of transportation and other actual costs (other than dependent care costs) and an amount equal to the payment made under section 2015(d)(4)(I)(i)(II) of this title but not more than the applicable local market rate, and such reimbursement shall not be made out of funds allocated under paragraph (1).

(4) Funds provided to a State agency under this subsection may be used only for operating an employment and training program under section 2015(d)(4) of this title, and may not be used for carrying out other provisions of this chapter.

(5)(A) The Secretary shall monitor the employment and training programs carried out by State agencies under section 2015(d)(4) of this title to measure their effectiveness in terms of the increase in the numbers of household members who obtain employment and the numbers of such members who retain such employment as a result of their participation in such employment and training programs.

(B) The Secretary shall, not later than January 1, 1989, report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the effectiveness of such employment and training programs.

(6) The Secretary shall develop, and transmit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, a proposal for modifying the rate of Federal payments under this subsection so as to reflect the relative effectiveness of the various States in carrying out employment and training programs under section 2015(d)(4) of this title.

**(i) Geographical error-prone profiles**

(1) The Department of Agriculture may use quality control information made available under this section to determine which project areas have payment error rates (as defined in subsection (d)(1) of this section) that impair the integrity of the food stamp program.

(2) The Secretary may require a State agency to carry out new or modified procedures for the certification of households in areas identified under paragraph (1) if the Secretary determines such procedures would improve the integrity of the food stamp program and be cost effective.

**(j) Training materials regarding certification of farming households**

Not later than 180 days after September 19, 1988, and annually thereafter, the Secretary shall publish instructional materials specifically designed to be used by the State agency to provide intensive training to State agency personnel who undertake the certification of households that include a member who engages in farming.

(Pub. L. 88-525, §16, Aug. 31, 1964, 78 Stat. 709; Pub. L. 90-91 §§1, 2, Sept. 27, 1967, 81 Stat. 228; Pub. L. 90-552, Oct. 8, 1968, 82 Stat. 958; Pub. L. 91-116, Nov. 13, 1969, 83 Stat. 191; Pub. L. 91-671, §9, Jan. 11, 1971, 84 Stat. 2052; Pub. L. 93-86, §3(j), Aug. 10, 1973, 87 Stat. 248; Pub. L. 95-113, title XIII, §1301, Sept. 29, 1977, 91 Stat. 976; Pub. L. 96-58, §§4, 6, Aug. 14, 1979, 93 Stat. 391; Pub. L. 96-249, title I, §§121, 125, 126, 128, 129, May 26, 1980, 94 Stat. 363, 364, 367; Pub. L. 97-35, title I, §§111(b), 114, Aug. 13, 1981, 95 Stat. 362, 363; Pub. L. 97-98, title XIII, §§1325-1327, Dec. 22, 1981, 95 Stat. 1289; Pub. L. 97-253, title I, §§179, 180(a), 189(b)(3), (c), Sept. 8, 1982, 96 Stat. 782, 787; Pub. L. 99-198, title XV, §§1517(c), 1524, 1535(c)(1), 1537(a), 1539, Dec. 23, 1985, 99 Stat. 1577, 1580, 1585, 1588; Pub. L. 99-603, title I, §121(b)(5), Nov. 6, 1986, 100 Stat. 3391; Pub. L. 100-77, title VIII, §808(b), July 22, 1987, 101 Stat. 536; Pub. L. 100-435, title II, §204(b), title III, §321(b), (c), title IV, §404(e), (g), title VI, §604, Sept. 19, 1988, 102 Stat. 1657, 1662, 1668, 1675; Pub. L. 101-624, title

XVII, §§1750, 1752(a), 1753, Nov. 28, 1990, 104 Stat. 3797, 3798; Pub. L. 102-237, title IX, §941(7), Dec. 13, 1991, 105 Stat. 1892; Pub. L. 103-66, title XIII, §§13922(c), 13951(c), 13961, Aug. 10, 1993, 107 Stat. 675, 678, 679; Pub. L. 103-296, title I, §108(f)(2), Aug. 15, 1994, 108 Stat. 1487; Pub. L. 104-66, title I, §1011(j), Dec. 21, 1995, 109 Stat. 710.)

REFERENCES IN TEXT

The Social Security Act, referred to in subsecs. (e) and (g), is act Aug. 14, 1935, ch. 531, 49 Stat. 620, as amended. Titles IV and XVI of the Act are classified generally to subchapters IV (§601 et seq.) and XVI (§1381 et seq.), respectively, of chapter 7 of Title 42, The Public Health and Welfare. For complete classification of this Act to the Code, see section 1305 of Title 42 and Tables.

CODIFICATION

September 19, 1988, referred to in subsec. (d)(2), was in the original “the date of enactment of this section”, which was translated as meaning the date of enactment of Pub. L. 100-435, which enacted provisions of this section establishing the payment error improvement system, as the probable intent of Congress.

AMENDMENTS

1995—Subsec. (i)(3). Pub. L. 104-66 struck out par. (3) which read as follows: “Not later than 12 months after December 23, 1985, and each 12 months thereafter, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that lists project areas identified under paragraph (1) and describes any procedures required to be carried out under paragraph (2).”

1994—Subsec. (e). Pub. L. 103-296 substituted “Commissioner of Social Security” for “Secretary of Health and Human Services” in two places.

1993—Subsec. (a). Pub. L. 103-66, §13961(1), added cls. (6) to (8) and in proviso struck out “authorized to pay each State agency an amount not less than 75 per centum of the costs of State food stamp program investigations and prosecutions, and is further” after “That the Secretary is”.

Subsec. (c)(1)(C). Pub. L. 103-66, §13951(c)(1), substituted “national performance measure” for “payment error tolerance level” and substituted “equal to—” followed by cl. (i) for “equal to its payment error rate less such tolerance level times the total value of allotments issued in such a fiscal year by such State agency.”

Subsec. (c)(3)(A). Pub. L. 103-66, §13951(c)(2), substituted “120 days” for “60 days (or 90 days at the discretion of the Secretary)”.

Subsec. (c)(6). Pub. L. 103-66, §13951(c)(3), struck out “shall be used to establish a payment-error tolerance level. Such tolerance level for any fiscal year will be one percentage point added to the lowest national performance measure ever announced up to and including such fiscal year under this section. The payment-error tolerance level” after “The announced national performance measure”.

Subsec. (c)(8), (9). Pub. L. 103-66, §13951(c)(4), added pars. (8) and (9).

Subsec. (g). Pub. L. 103-66, §13961(2), which directed the substitution of “the amount provided under subsection (a)(6) of this section for” for “an amount equal to 63 percent effective on October 1, 1991, of”, was executed to reflect the probable intent of Congress by making the substitution for “an amount equal to— “63 percent effective on October 1, 1991, of”.

Subsec. (h)(3). Pub. L. 103-66, §13922(c), substituted “equal to the payment made under section 2015(d)(4)(i)(II) of this title but not more than the applicable local market rate,” for “representing \$160 per month per dependent”.

Subsecs. (j), (k). Pub. L. 103-66, §13961(3), (4), redesignated subsec. (k) as (j) and struck out former subsec. (j)

which read as follows: “The Secretary is authorized to pay to each State agency an amount equal to 100 per centum of the costs incurred by the State agency in implementing and operating the immigration status verification system described in section 1137(d) of the Social Security Act.”

1991—Subsec. (g). Pub. L. 102-237, § 941(7)(A), inserted a comma after “1991”.

Subsec. (h)(4). Pub. L. 102-237, § 941(7)(B), substituted “this chapter” for “the chapter”.

1990—Subsec. (a). Pub. L. 101-624, § 1750, substituted “25 percent during the period beginning October 1, 1990, and ending September 30, 1995, and 50 percent thereafter” for “50 per centum”, and “10 percent during the period beginning October 1, 1990, and ending September 30, 1995, and 25 percent thereafter” for “25 per centum”.

Subsec. (g). Pub. L. 101-624, § 1752(a), substituted “The” for “Effective October 1, 1980, the” and “63 percent effective on October 1, 1991” for “75 per centum”.

Subsec. (h)(1). Pub. L. 101-624, § 1753, amended par. (1) generally. Prior to amendment, par. (1) read as follows: “The Secretary shall allocate among the State agencies in each fiscal year, from funds appropriated for such fiscal year under section 2027(a)(1) of this title, the amount of \$40,000,000 for the fiscal year ending September 30, 1986, \$50,000,000 for the fiscal year ending September 30, 1987, \$60,000,000 for the fiscal year ending September 30, 1988, and \$75,000,000 for each of the fiscal years ending September 30, 1989 and September 30, 1990, to carry out the employment and training program under section 2015(d)(4) of this title, except as provided in paragraph (3), during such fiscal year.”

1988—Subsec. (a)(4). Pub. L. 100-435, § 204(b), substituted “, including those undertaken” for “permitted”.

Subsec. (c). Pub. L. 100-435, § 604(1), added subsec. (c) and struck out former subsec. (c) which related to State incentives for reducing error.

Subsec. (d). Pub. L. 100-435, § 604(2), added subsec. (d) and struck out former subsec. (d) which defined “payment error rate” and instituted error rate reduction program.

Subsec. (h). Pub. L. 100-435, § 321(c), redesignated subsec. (h), relating to payment of costs of immigration status verification system, as (j).

Subsec. (h)(3). Pub. L. 100-435, § 404(g), inserted “for costs of transportation and other actual costs (other than dependent care costs) and an amount representing \$160 per month per dependent” after “month”.

Subsec. (h)(6). Pub. L. 100-435, § 404(e), added par. (6).

Subsec. (j). Pub. L. 100-435, § 321(c), redesignated subsec. (h), relating to payment of costs of immigration status verification system, as (j).

Subsec. (k). Pub. L. 100-435, § 321(b), added subsec. (k).

1987—Subsec. (a). Pub. L. 100-77 substituted “(4) food stamp informational activities permitted under section 2020(e)(1)(A) of this title, and (5)” for “and (4)” in first sentence.

1986—Subsec. (h). Pub. L. 99-603 added, at end of section, subsec. (h) relating to payment of costs of immigration status verification system.

1985—Subsec. (a). Pub. L. 99-198, § 1535(c)(1), substituted “subsections (b)(1) and (c) of section 2022 of this title” for “section 2022(b)(1) of this title”.

Subsec. (b)(1). Pub. L. 99-198, § 1524, inserted “, including standards for the periodic review of the hours that food stamp offices are open during the day, week, or month to ensure that employed individuals are adequately served by the food stamp program,” after “States”.

Subsec. (d)(2)(A). Pub. L. 99-198, § 1537(a)(1), inserted “less any amount payable as a result of the use by the State agency of correctly processed information received from an automatic information exchange system made available by any Federal department or agency”.

Subsec. (d)(6). Pub. L. 99-198, § 1537(a)(2), added par. (6).

Subsec. (h). Pub. L. 99-198, § 1517(c), added subsec. (h) relating to authorization of appropriations, etc.

Subsec. (i). Pub. L. 99-198, § 1539, added subsec. (i).

1982—Subsec. (a). Pub. L. 97-253, § 179, inserted “, except the value of funds or allotments recovered or collected pursuant to section 2022(b)(2) of this title which arise from an error of a State agency”.

Subsec. (c). Pub. L. 97-253, § 180(a)(1), amended subsec. (c) generally. Prior to amendment, subsec. (c) read as follows: “The Secretary is authorized to adjust a State agency’s federally funded share of administrative costs pursuant to subsection (a) of this section, other than the costs already shared in excess of 50 per centum as described in the exception clause of subsection (a) of this section, by increasing such share to (1) effective October 1, 1978, 60 per centum of all such administrative costs in the case of a State agency whose (A) semi-annual cumulative allotment error rates with respect to eligibility, overissuance, and underissuance as calculated in the quality control program undertaken pursuant to subsection (d)(1) of this section are less than five per centum and (B) whose rate of invalid decisions in denying eligibility as calculated in the quality control program conducted under subsection (d)(1) of this section is less than a nationwide percentage that the Secretary determines to be reasonable; (2) effective October 1, 1980, 65 per centum of all such administrative costs in the case of a State agency meeting the standards contained in paragraph (1) of this subsection; (3) effective October 1, 1980, 60 per centum of all such administrative costs in the case of a State agency whose cumulative allotment error rate as determined under paragraph (1)(A) of this subsection is greater than 5 per centum but less than 8 per centum or the national standard payment error rate for the base period, whichever is lower, and which also meets the standard contained in paragraph (1)(B) of this subsection; and (4) effective October 1, 1980, 55 per centum of all such administrative costs in the case of a State agency whose annual rate of error reduction is equal to or exceeds 25 per centum, and, effective October 1, 1981, which also meets the standard contained in paragraph (1)(B) of this subsection. No State agency shall receive more than one of the increased federally funded shares of administrative costs set forth in paragraphs (1) through (4) of this subsection.”

Subsec. (d). Pub. L. 97-253, § 180(a)(2), (3), added subsec. (d), and struck out former subsec. (d) which provided that effective October 1, 1981, and annually thereafter, each State not receiving an increased share of administrative costs pursuant to subsec. (c)(2) of this section was required to develop and submit to the Secretary for approval, as part of the plan of operation required to be submitted under section 2020(d) of this title, a quality control plan for the State which had to specify the actions such State proposes to take in order to reduce the incidence of error rates in and the value of food stamp allotments for households which failed to meet basic program eligibility requirements, food stamp allotments overissued to eligible households, and food stamp allotments underissued to eligible households, and (2) the incidence of invalid decisions in certifying or denying eligibility.

Subsec. (e). Pub. L. 97-253, §§ 180(a)(2), 189(b)(3), redesignated subsec. (f) as (e), substituted reference to the Secretary of Health and Human Services for former reference to the Secretary of Health, Education, and Welfare. Former subsec. (e), which defined “quality control” as the monitoring and reduction of the rate of errors in determining basic eligibility and benefit levels, was struck out.

Subsec. (f). Pub. L. 97-253, §§ 180(a)(2), 189(c), redesignated subsec. (h) as (f), substituted a period for the semicolon, and struck out “and” at the end. Former subsec. (f) redesignated (e).

Subsec. (g). Pub. L. 97-253, § 180(a)(2), redesignated former subsec. (i) as (g). Former subsec. (g), which related to State liability for error under this section, was struck out.

Subsecs. (h), (i). Pub. L. 97-253, § 180(a)(2), redesignated subsecs. (h) and (i) as (f) and (g), respectively.

1981—Subsec. (a). Pub. L. 97-35 substituted provisions relating to recovery through section 2022(b)(1) and (2) of

this title for provisions relating to recovery through prosecutions or other State activities, substituted “determinations of ineligibility” for “determinations of fraud”, struck out “(1) outreach,” and redesignated cls. (2) to (5) as (1) to (4), respectively.

Subsec. (b)(1). Pub. L. 97-98, §1325, struck out “, including, but not limited to, staffing standards such as caseload per certification worker limitations,” after “by the States”.

Subsec. (c). Pub. L. 97-98, §1326(1), inserted “, and, effective October 1, 1981, which also meets the standard contained in paragraph (1)(B) of this subsection” after “exceeds 25 per centum”.

Subsec. (d). Pub. L. 97-98, §1326(2), substituted in provision preceding par. (1) “October 1, 1981” for “October 1, 1978” and “subsection (c)(2) of this section” for “subsection (c) of this section”.

Subsec. (f). Pub. L. 97-98, §1327, substituted “State agencies shall” for “State agencies may”.

1980—Subsec. (b). Pub. L. 96-249, §121, struck out provisions requiring that if the Secretary finds that a State has failed without good cause to meet any of the Secretary’s standards, or has failed to carry out the approved State plan of operation under section 2020(d) of this title, the Secretary withhold from the State such funds authorized under subsections (a) and (c) of this section as the Secretary determines to be appropriate.

Subsec. (c). Pub. L. 96-249, §125, designated existing provisions as par. (1), substituted “(A) semiannual cumulative” for “cumulative”, and added subpar. (B) and pars. (2) to (4).

Subsec. (g). Pub. L. 96-249, §126, added subsec. (g).

Subsec. (h). Pub. L. 96-249, §128, added subsec. (h).

Subsec. (i). Pub. L. 96-249, §129, added subsec. (i).

1979—Subsec. (a). Pub. L. 96-58, §6, authorized the Secretary to permit each State to retain 50 per centum of the value of all funds or allotments recovered or collected through prosecutions or other State activities directed against individuals who fraudulently obtain allotments as determined in accordance with this chapter but directed that officials responsible for making determinations of fraud under this chapter should not receive or benefit from revenues retained by the State under the provisions of this subsection.

Subsec. (f). Pub. L. 96-58, §4, added subsec. (f).

1977—Pub. L. 95-113 substituted revised provisions relating to administrative cost-sharing and quality control for provisions authorizing appropriations and relating to the financial operation of the program which are now covered by section 2027 of this title.

1973—Subsec. (a). Pub. L. 93-86 extended authorization of appropriations from June 30, 1973, to June 30, 1977, and inserted provision relating to availability of appropriated sums.

1971—Subsec. (a). Pub. L. 91-671 is substituted appropriation authorization of “\$1,750,000,000 for the fiscal year ending June 30, 1971; and for the fiscal years ending June 30, 1972 and June 30, 1973 such sums as the Congress may appropriate” for “\$170,000,000 for the six months ending December 31, 1970”.

1969—Subsec. (a). Pub. L. 91-116 increased appropriation authorization limitation for fiscal year ending June 30, 1970, from \$340,000,000 to \$610,000,000.

1968—Subsec. (a). Pub. L. 90-552 increased appropriations authorization limitation for fiscal year ending June 30, 1969, from \$225,000,000 to \$315,000,000, authorized appropriations of \$340,000,000 and \$170,000,000 for fiscal year ending June 30, 1970, and for six months ending Dec. 31, 1970, substituted “fiscal period” for “fiscal year”, and provided for submission of reports to Congress on or before January 20 of each year setting forth operations under this chapter during preceding calendar year and projecting needs for ensuing calendar year.

1967—Subsec. (a). Pub. L. 90-91 provided for appropriations for the fiscal years ending June 30, 1968 and 1969, and inserted provision dealing with the carrying out of this chapter only with funds appropriated from the general fund of the Treasury for the purposes of this chapter.

## EFFECTIVE DATE OF 1994 AMENDMENT

Amendment by Pub. L. 103-296 effective Mar. 31, 1995, see section 110(a) of Pub. L. 103-296, set out as a note under section 401 of Title 42, The Public Health and Welfare.

## EFFECTIVE DATE OF 1993 AMENDMENT

Section 13971 of Pub. L. 103-66 provided that:

“(a) GENERAL EFFECTIVE DATE AND IMPLEMENTATION.—Except as provided in subsection (b), this chapter [chapter 3 (§§13901-13971) of title XIII of Pub. L. 103-66, amending this section and sections 2012, 2014, 2015, 2017, 2020 to 2023, 2026, and 2028 of this title, and enacting provisions set out as a note under section 2011 of this title] and the amendments made by this chapter shall take effect, and shall be implemented beginning on, October 1, 1993.

“(b) SPECIAL EFFECTIVE DATES AND IMPLEMENTATION.—(1)(A) Except as provided in subparagraph (B), section 13951 [amending this section and sections 2022 and 2023 of this title] shall take effect on October 1, 1991.

“(B) The amendment made by section 13951(c)(2) [amending this section] shall take effect on October 1, 1992.

“(2)(A) Except as provided in subparagraph (B), the amendments made by section 13961 [amending this section] shall be effective with respect to calendar quarters beginning on or after April 1, 1994.

“(B) In the case of a State whose legislature meets biennially, and does not have a regular session scheduled in calendar year 1994, and that demonstrates to the satisfaction of the Secretary of Agriculture that there is no mechanism, under the constitution and laws of the State, for appropriating the additional funds required by the amendments made by this section before the next such regular legislative session, the Secretary may delay the effective date of all or part of the amendments made by section 13961 [amending this section] until the beginning date of a calendar quarter that is not later than the first calendar quarter beginning after the close of the first regular session of the State legislature after the date of enactment of this Act [Aug. 10, 1993].

“(3) Sections 13912(a) and 13912(b)(1) [amending section 2014 of this title] shall take effect, and shall be implemented beginning on, July 1, 1994.

“(4) Sections 13911, 13913, 13914, 13915, 13916, 13922, 13924, 13931, 13932, and 13942 [amending this section and sections 2012, 2014, 2015, and 2017 of this title] shall take effect, and shall be implemented beginning on, September 1, 1994.

“(5)(A) Except as provided in subparagraph (B), section 13921 [amending section 2014 of this title] shall take effect, and shall be implemented beginning on, September 1, 1994.

“(B) State agencies shall implement the amendment made by section 13921 not later than October 1, 1995.

“(6) Section 13912(b)(2) [amending section 2014 of this title] shall take effect, and shall be implemented beginning on, January 1, 1997.”

## EFFECTIVE DATE OF 1991 AMENDMENT

Amendment by Pub. L. 102-237 effective and to be implemented no later than Feb. 1, 1992, see section 1101(d)(1) of Pub. L. 102-237, set out as a note under section 1421 of this title.

## EFFECTIVE DATE OF 1990 AMENDMENT

Amendment by section 1750 of Pub. L. 101-624 effective Oct. 1, 1990, amendment by section 1752(a) of Pub. L. 101-624 effective and implemented first day of month beginning 120 days after publication of implementing regulations to be promulgated not later than Oct. 1, 1991, and amendment by section 1753 of Pub. L. 101-624 effective Nov. 28, 1990, see section 1781(a), (b)(1), (2) of Pub. L. 101-624, set out as a note under section 2012 of this title.

Section 1752(b) of Pub. L. 101-624 provided that: “The amendment made by subsection (a)(2) [amending this

section] shall not apply to proposals for automatic data processing and information retrieval systems under section 16(g) of the Food Stamp Act of 1977 [subsec. (g) of this section] that were approved by the Secretary of Agriculture prior to the date of enactment of this Act [Nov. 28, 1990].”

#### EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by sections 204(b), 321(b), and 404(e) of Pub. L. 100-435 to be effective and implemented on July 1, 1989, amendment by section 321(c) of Pub. L. 100-435 to be effective and implemented on Sept. 19, 1988, amendment by section 404(g) of Pub. L. 100-435 to be effective and implemented on Oct. 1, 1988, and amendment by section 604 of Pub. L. 100-435 effective Oct. 1, 1985, with respect to claims under subsec. (c) of this section for quality control review periods after such date, except as otherwise provided, except that amendment by sections 204(b), 321(b), (c), 404(e), (g) of Pub. L. 100-435 to become effective and implemented on Oct. 1, 1989, if final order is issued under section 902(b) of Title 2, The Congress, for fiscal year 1989 making reductions and sequestrations specified in the report required under section 901(a)(3)(A) of Title 2, see section 701(a), (b)(1), (4), (5), (c)(2) of Pub. L. 100-435, set out as a note under section 2012 of this title.

#### EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-603 effective Oct. 1, 1987, see section 121(c)(2) of Pub. L. 99-603, set out as a note under section 502 of Title 42, The Public Health and Welfare.

#### EFFECTIVE DATE OF 1985 AMENDMENT

Section 1537(a) of Pub. L. 99-198 provided that the amendment made by that section is effective with respect to the fiscal year beginning Oct. 1, 1985, and each fiscal year thereafter.

#### EFFECTIVE DATE OF 1982 AMENDMENT

Amendment by section 179 of Pub. L. 97-253 effective Sept. 8, 1982, see section 193(a) of Pub. L. 97-253, set out as a note under section 2012 of this title.

Enactment by section 180(a) of Pub. L. 97-253 effective Oct. 1, 1982, see section 193(b) of Pub. L. 97-253, set out as a note under section 2012 of this title.

#### EFFECTIVE DATE OF 1981 AMENDMENTS

Amendment by Pub. L. 97-35 effective on earlier of Sept. 8, 1982, or date such amendment became effective pursuant to section 117 of Pub. L. 97-35, set out as a note under section 2012 of this title, see section 192(a) of Pub. L. 97-253, set out as a note under section 2012 of this title.

Amendment by Pub. L. 97-98 effective on earlier of Sept. 8, 1982, or date such amendment became effective pursuant to section 1338 of Pub. L. 97-98, set out as a note under section 2012 of this title, see section 192(b) of Pub. L. 97-253, set out as a note under section 2012 of this title.

Amendment by Pub. L. 97-98 effective upon such date as Secretary of Agriculture may prescribe, taking into account need for orderly implementation, see section 1338 of Pub. L. 97-98, set out as a note under section 2012 of this title.

Amendment by Pub. L. 97-35 effective and implemented upon such dates as Secretary of Agriculture may prescribe, taking into account need for orderly implementation, see section 117 of Pub. L. 97-35, set out as a note under section 2012 of this title.

#### EFFECTIVE DATE OF 1979 AMENDMENT

Secretary of Agriculture to issue final regulations implementing the amendment of this section by Pub. L. 96-58 within 150 days after Aug. 14, 1979, see section 10(b) of Pub. L. 96-58, set out as a note under section 2012 of this title.

#### EFFECTIVE DATE OF 1977 AMENDMENT

Section 1301 of Pub. L. 95-113 provided that the amendment made by that section is effective Oct. 1, 1977.

#### QUALITY CONTROL SANCTIONS

Section 1751 of Pub. L. 101-624 provided that:

“(a) IN GENERAL.—No disallowance or other similar action shall be applied to or collected from any State for any of the fiscal years 1983, 1984, or 1985 under section 16(c) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)) or any predecessor statutory or regulatory provision relating to disallowances or other similar actions for erroneous issuances made in carrying out a State plan under such Act [7 U.S.C. 2011 et seq.], except for amounts to be paid or collected after the date of enactment of this Act [Nov. 28, 1990] pursuant to settlement agreements which do not provide for payment adjustments based on future changes in law.

“(b) APPLICATION.—Subsection (a) shall also apply to disallowances described in subsection (a) with respect to which an administrative or judicial appeal is pending on the date of enactment of this Act [Nov. 28, 1990], including any such disallowance that has been collected before such date.”

#### QUALITY CONTROL STUDIES AND PENALTY MORATORIUM

Section 1538 of Pub. L. 99-198, as amended by Pub. L. 99-260, §12, Mar. 20, 1986, 100 Stat. 52, provided that:

“(a)(1)(A) The Secretary of Agriculture (hereinafter referred to in this section as the ‘Secretary’) shall conduct a study of the quality control system used for the food stamp program established under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

“(B) The study shall—

“(i) examine how best to operate such system in order to obtain information that will allow the State agencies to improve the quality of administration; and

“(ii) provide reasonable data on the basis of which Federal funding may be withheld for State agencies with excessive levels of erroneous payments.

“(2)(A) The Secretary shall also contract with the National Academy of Sciences to conduct a concurrent independent study for the purpose described in paragraph (1).

“(B) For purposes of such study, the Secretary shall provide to the National Academy of Sciences any relevant data available to the Secretary at the onset of the study and on an ongoing basis.

“(3) Not later than 1 year after the date the Secretary and the National Academy of Sciences enter into the contract required under paragraph (2), the Secretary and the National Academy of Sciences shall report the results of their respective studies to the Congress.

“(b)(1) During the 6-month period beginning on the date of enactment of this Act [Dec. 23, 1985] (hereinafter in this section referred to as the ‘moratorium period’), the Secretary shall not impose any reductions in payments to State agencies pursuant to section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025).

“(2) During the moratorium period, the Secretary and the State agencies shall continue to—

“(A) operate the quality control systems in effect under the Food Stamp Act of 1977 [7 U.S.C. 2011 et seq.]; and

“(B) calculate error rates under section 16 of such Act [7 U.S.C. 2025].

“(c)(1) Not later than 6 months after the date on which the results of both studies required under subsection (a)(3) have been reported, the Secretary shall publish regulations that shall—

“(A) restructure the quality control system used under the Food Stamp Act of 1977 [7 U.S.C. 2011 et seq.] to the extent the Secretary determines to be appropriate, taking into account the studies conducted under subsection (a); and

“(B) establish, taking into account the studies conducted under subsection (a), criteria for adjusting the

reductions that shall be made for quarters prior to the implementation of the restructured quality control system so as to eliminate reductions for those quarters that would not be required if the restructured quality control system had been in effect during those quarters.

“(2) Beginning 6 months after the date on which the results of both studies required under subsection (a)(3) have been reported, the Secretary shall—

“(A) implement the restructured quality control system; and

“(B) reduce payments to State agencies—

“(i) for quarters after implementation of such system in accordance with the restructured quality control system; and

“(ii) for quarters before implementation of such system, as provided under the regulations described in paragraph (1)(B).”

#### SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 2014, 2015, 2016, 2017, 2020, 2022, 2023, 2027, 2030, 2031, 2032 of this title; title 42 section 629c.

### § 2026. Research, demonstration, and evaluations

#### (a) Contracts or grants; issuance of aggregate allotments

(1) The Secretary may, by way of making contracts with or grants to public or private organizations or agencies, undertake research that will help improve the administration and effectiveness of the food stamp program in delivering nutrition-related benefits.

(2) The Secretary may, on application, permit not more than two State agencies to establish procedures that allow households whose monthly food stamp benefits do not exceed \$20, at their option, to receive, in lieu of their food stamp benefits for the initial period under section 2017 of this title and their regular allotment in following months, and at intervals of up to 3 months thereafter, aggregate allotments not to exceed \$60 and covering not more than 3 months' benefits. The allotments shall be provided in accordance with paragraphs (3) and (9) of section 2020(e) of this title (except that no household shall begin to receive combined allotments under this section until it has complied with all applicable verification requirements of section 2020(e)(3) of this title) and (with respect to the first aggregate allotment so issued) within 40 days of the last coupon issuance.

#### (b) Pilot projects

(1)(A) The Secretary may conduct on a trial basis, in one or more areas of the United States, pilot or experimental projects designed to test program changes that might increase the efficiency of the food stamp program and improve the delivery of food stamp benefits to eligible households, including projects involving the payment of the value of allotments or the average value of allotments by household size in the form of cash to eligible households all of whose members are age sixty-five or over or any of whose members are entitled to supplemental security income benefits under title XVI of the Social Security Act [42 U.S.C. 1381 et seq.] or to aid to families with dependent children under part A of title IV of the Social Security Act [42 U.S.C. 601 et seq.], the use of countersigned food coupons or similar identification mechanisms that do not invade a household's privacy, and

the use of food checks or other voucher-type forms in place of food coupons. The Secretary may waive the requirements of this chapter to the degree necessary for such projects to be conducted, except that no project, other than a project involving the payment of the average value of allotments by household size in the form of cash to eligible households or a project conducted under paragraph (3), shall be implemented which would lower or further restrict the income or resource standards or benefit levels provided pursuant to sections 2014 and 2017 of this title. Any pilot or experimental project implemented under this paragraph and operating as of October 1, 1981, involving the payment of the value of allotments in the form of cash to eligible households all of whose members are either age sixty-five or over or entitled to supplemental security income benefits under title XVI of the Social Security Act shall be continued through October 1, 1995, if the State so requests.

(B)(i) No waiver or demonstration program shall be approved under this chapter after November 28, 1990, unless—

(I) any household whose food assistance is issued in a form other than coupons has its allotment increased to the extent necessary to compensate for any State or local sales tax that may be collected in all or part of the area covered by the demonstration project, the tax on purchases of food by any such household is waived, or the Secretary determines on the basis of information provided by the State agency that the increase is unnecessary on the basis of the limited nature of the items subject to the State or local sales tax; and

(II) the State agency conducting the demonstration project pays the cost of any increased allotments.

(ii) Clause (i) shall not apply if a waiver or demonstration project already provides a household with assistance that exceeds that which the household would otherwise be eligible to receive by more than the estimated amount of any sales tax on the purchases of food that would be collected from the household in the project area in which the household resides.

(2) The Secretary shall, jointly with the Secretary of Labor, implement two pilot projects involving the performance of work in return for food stamp benefits in each of the seven administrative regions of the Food and Nutrition Service of the Department of Agriculture, such projects to be (A) appropriately divided in each region between locations that are urban and rural in characteristics and among locations selected to provide a representative cross-section of political subdivisions in the States and (B) submitted for approval prior to project implementation, together with the names of the agencies or organizations that will be engaged in such projects, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate. Under such pilot projects, any person who is subject to the work registration requirements pursuant to section 2015(d) of this title, and is a member of a household that does not have earned income equal to or exceeding the allotment to which the household is otherwise entitled pursuant to section 2017(a) of this